

**Knock Knock  
Exploring the Prospects for an  
Empty Homes Tax on the North Shore**

**A Report of NSCR's Community Housing Action Committee<sup>1</sup>**

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**Summary**

Census 2016 data suggests that the North Shore has an empty homes problem that would justify the creation of an Empty Homes Tax in municipalities on the North Shore. The Census data indicates that during the Census period in 2016, the City of North Vancouver had 1,781 empty homes (6.74% of all homes), the District of North Vancouver had 1,508 empty homes (4.62% of all homes) and the District of West Vancouver had 1,716 empty homes (9.2% of all homes). Though an Empty Homes Tax would require significant planning and expense to administer, there would likely be adequate tax revenue to offset such expenses. Any excess revenue over tax administration costs should be used to create and support affordable housing. The bigger challenge for creating an Empty Homes Tax is a legal one. Current provincial legislation does not authorize North Shore municipalities to create an Empty Homes Tax. North Shore Community Resources Community Housing Action Committee recommends:

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<sup>1</sup> The following report is a research report and intended for general information and to stimulate public discussion only. It is not intended as nor should be used as legal advice.

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1. North Shore municipalities should collaborate with each other and other BC municipalities to persuade the provincial government to amend legislation to authorize municipalities to create an Empty Homes Tax as exists in the City of Vancouver.
2. North Shore municipalities should commission energy consumption studies to determine longer term vacancy.
3. North Shore municipalities should commission studies to assess the cost of administering and planning for an Empty Homes Tax. As with Recommendation 1, the three North Shore municipalities should collaborate on undertaking such studies.
4. North Shore municipalities should meet with staff from the City of Vancouver and monitor its experience in creating an Empty Homes Tax.

### **Introduction**

North Shore Community Resources (NSCR) operates the Community Housing Action Committee (CHAC)<sup>5</sup>, an independent, non-partisan group of volunteers and professionals who share the goal of advocating for affordable housing on the North Shore of Metro Vancouver. As the City of Vancouver implements its new *Vacancy Tax By-Law 11674* (also referred to generally as an Empty Homes Tax (EHT)), CHAC is exploring the phenomenon of empty homes on the North Shore and an Empty Homes Tax on the North Shore. We asked three key questions. First, is there an empty home problem on the North Shore? Second, what are some of the policy and administrative challenges in implementing an Empty Home Tax in North Shore municipalities? Finally, what are the legal barriers to creating an EHT on the North Shore? In considering all of these questions, we review the history of creating an Empty Homes Tax in the City of Vancouver as an important precedent for this kind of tax. Our research draws on a variety of sources including City of Vancouver Administrative Reports, Third Party Reports, Census Data, the *Vancouver Charter, Bill 28 "Miscellaneous Statutes (Housing Priority Initiative) Amendment Act"*, Vancouver's *Vacancy Tax By-Law NO. 11674*, the *Community Charter*, and the *Local Government Act*.

It should be emphasized that CHAC's primary motivation in exploring the topic of an Empty Homes Tax is not to identify new sources of revenue for municipalities. Rather, our motivation is to create an adequate incentive for residential property owners to occupy or rent out their residential property thus

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<sup>5</sup> Thanks to the City of North Vancouver and Districts of North Vancouver and West Vancouver for providing operating funding for CHAC.

creating a more affordable housing supply for local residents. To the extent that properties remain empty after the creation of an Empty Homes Tax, CHAC takes the position that any revenue generated from an Empty Homes Tax, after covering the costs to administer such a tax, should be specifically targeted toward creating and supporting more affordable housing.

CHAC also notes that an Empty Homes Tax will not be a panacea to solving the home affordability crisis. Housing affordability is a multi-pronged problem. Many other solutions have been proposed that could enhance affordability. Leadership from the federal and provincial governments on housing affordability is critical. The public reasonably expects action from our political leaders sooner than later.

That said, let's take a look at the issue of empty homes and an empty homes tax.

### **History of Vancouver's Empty Homes Tax (EHT)**

The City of Vancouver (CoV) commissioned a study by Ecotagious on empty housing in the CoV in order to assess the need for a vacancy tax. The study was completed and presented to the City of Vancouver in February of 2016.

Ecotagious studied and analyzed anonymized electricity consumption data, provided by BC Hydro, to assess the number of empty homes in Vancouver. Using an algorithm that detects occupancy by analyzing the variability in electricity consumption over time, Ecotagious estimated the following numbers<sup>6</sup>:

	2002	2014
Non-Occupancy Rate	4.9%	4.8%

The Ecotagious study found that the non-occupancy rate across all housing types in the City of Vancouver was 4.9% in 2002 and 4.9% in 2014. Non-occupancy was defined in this study as no occupancy in the housing unit for a period of 12 months between August to July.<sup>7</sup>

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<sup>6</sup> Ecotagious Inc., "Stability in Vancouver's Housing Unit Occupancy" (2016) Ecotagious Inc. Analysis.

<sup>7</sup> *Ibid* at 12.

A City of Vancouver administrative report dated June 16, 2016 reports that the 4.8% of unoccupied housing units represents a total of 10,800 empty housing units in Vancouver.<sup>8</sup> The report recommended that the Mayor, on behalf of Council, write the Premier “to request that the Province confirm its support for the creation and administration of a new property class ‘Residential Vacant’ on the Assessment Roll such that Vancouver and other taxing authorities have the option to set a different property tax rate for empty housing.”<sup>9</sup> This amendment would allow Vancouver to charge higher taxes on owners of housing that fit into the definition of the Residential Vacant Classification.

On July 28, 2016 the Province amended the *Vancouver Charter* by enacting the *Miscellaneous Statutes (Housing Priority Initiative) Amendment Act* (Bill 28) to provide legal authority to Vancouver City Council to impose an annual vacancy tax on a parcel of “taxable property” via a by-law.

Vancouver City Council approved the *Vacancy Tax By-Law No. 11674 and Empty Homes Tax (EHT)*<sup>10</sup> on November 16, 2016. The *EHT* imposes a vacancy tax of 1% on the taxable assessed value of a parcel of taxable property.<sup>11</sup> Taxable property is considered a residential property that is vacant and not exempt from the vacancy tax under the *EHT*. Vacant property is defined as residential property unoccupied for more than 180 days in a year. The *EHT* will be applied annually, beginning on January 1, 2017.<sup>12</sup>

In the City of Vancouver, the Empty Homes Tax (EHT) has been in force as of the date of its enactment (November 16, 2016) with the tax being applicable on unoccupied property as of January 1, 2017. However, enforcement of the tax will begin after February 2, 2018 when owners of a residential property are required to make a property status declaration in accordance with the *EHT*.<sup>13</sup> Given the novelty of this kind of tax, it will take time and careful analysis to understand whether the *EHT* will achieve the goal of increasing housing availability and affordability in the City of Vancouver.

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<sup>8</sup> City of Vancouver, General Manager, Community Services, “Policy & Regulatory Steps for Reducing Empty Housing” in *Administrative Reports*, (16 June 2016) at 3.

<sup>9</sup> *Ibid* at 1.

<sup>10</sup> City of Vancouver, by-law No. 11674, *Vacancy Tax By-law* (16 November 2016)

<sup>11</sup> *Ibid* at section 2.4

<sup>12</sup> City of Vancouver, General Manager of Planning, Urban Design & Sustainability, “Amendments to Vacancy Tax By-Law” in *Administrative Reports*, (20 June 2017) at 2.

<sup>13</sup> *Supra* note 10 at S. 5.1-5.2.

On June 20, 2017, the City of Vancouver published an administrative report that summarizes the analysis of new 2016 Census data that provides insights into the number of homes that could be impacted by the *EHT*.<sup>14</sup> The report indicates that on Census day, May 10, 2016, 25,495 dwellings units in the city were either unoccupied or occupied by temporary and/or foreign residents.<sup>15</sup> 25,495 dwelling units represent 8.2% of all dwellings in the City of Vancouver.

Statistics Canada defines unoccupied dwellings “as a private dwelling which meets the two conditions necessary for year-round occupancy, but in which no individual is residing on May 10, 2016. The two conditions for year-round occupancy include: a source of heat or power and shelter from the elements.”<sup>16</sup> A “private dwelling” is defined by Statistics Canada as “a separate set of living quarters with a private entrance either from outside the building or from a common hall, lobby, vestibule or stairway inside the building. The entrance to the dwelling must be one that can be used without passing through the living quarters of some other person or group of persons.”<sup>17</sup>

The Census data is intended to take a snapshot of the Canadian population and dwelling units on a single day, May 10, 2016. However, for the purposes of extracting data every Census year, Statistics Canada implements a 3-4 month field operation (usually between May and September) to collect data on population and dwelling units. Multiple attempts to contact residents are made before a dwelling unit would be classified as unoccupied. While the Census data does not necessarily capture long-term vacancy (12 months or more) in the way that the Ecotagious energy analysis does<sup>18</sup>, it is reasonable to conclude that the Census data provides a good estimate of homes that are vacant for a significant period of time of the year. The period is certainly long enough to raise a concern about the number of empty homes in a given municipality.

### **North Shore Municipalities**

Using similar 2016 Census data set, now available to the public, and metrics used in the City of Vancouver June 20, 2017 administrative report, CHAC has analyzed unoccupied dwelling units in the three North Shore municipalities: the City of North Vancouver (CNV), the District of North Vancouver

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<sup>14</sup> *Supra* note 12 at 9

<sup>15</sup> *Ibid.*

<sup>16</sup> <http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/dwelling-logements015-eng.cfm>

<sup>17</sup> <http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/dwelling-logements005-eng.cfm>

<sup>18</sup> *Supra* note 6.

(DNV), and the District of West Vancouver (DWV). Furthermore, we have analyzed the same raw data set from the City of Vancouver as a comparator and to double check whether our methodology yields the same result at the City of Vancouver's. Our analysis provides the following data:

Private Dwellings Unoccupied by Usual Residents

	City of Vancouver	City of North Vancouver <sup>19</sup>	District of North Vancouver <sup>20</sup>	District of West Vancouver <sup>21</sup>
Total private dwellings units	309,418	26,426	32,624	18,649
Private Dwellings occupied by usual residents	283,916	24,645	31,116	16,933
Private dwellings unoccupied by usual residents	25,502	1,781	1,508	1,716
Percentage of unoccupied dwellings to total private dwellings	8.24%	6.74%	4.62%	9.20%

Our analysis of the City of Vancouver data set finds the number of unoccupied dwellings units to be 25,502 (8.24% of all dwellings) as compared to the 25,495 (8.24% of all dwellings) presented in the City of Vancouver June 20, 2017 report. This is a difference of 7 dwellings units, which may be attributed to the update in 2016 Census Data set available to the public.

The 2016 Census Data shows that the unoccupied dwellings units in the City of North Vancouver to be 1,781 (6.74%), the District of North Vancouver 1,508 (4.62%), and the District of West Vancouver 1,716 (9.20%).<sup>22</sup> The North Shore municipalities have fewer total unoccupied dwelling units than the City of

<sup>19</sup> <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=5915051&Geo2=CSD&Code2=5915022&Data=Count&SearchText=vancouver&SearchType=Begins&SearchPR=01&B1=All&TABID=1>

<sup>20</sup> <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=5915046&Geo2=CSD&Code2=5915055&Data=Count&SearchText=west%20vancouver&SearchType=Begins&SearchPR=01&B1=All&TABID=1>

<sup>21</sup> <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?B1=All&Code1=5915055&Code2=59&Data=Count&Geo1=CSD&Geo2=PR&Lang=E&SearchPR=01&SearchText=West+Vancouver&SearchType=Begins&TABID=1>

<sup>22</sup> We note that the municipality of Bowen Island also has a very high rate of vacant homes – 420 of 1,915 or almost 22%. But Bowen Island has a history of vacation properties that differs significantly than the other North Shore municipalities.

Vancouver, which can be attributed to the fact that the total number of dwelling units in the North Shore is much lower comparatively to the City of Vancouver. However, the percentage of unoccupied dwelling units to the total number of private dwellings in each of the CNV, the DNV, and the DWV is comparable to the CoV statistic. This is especially the case in the DWV and the CNV where the percentage of unoccupied dwelling units is approximately 1% higher and 1.5% lower respectively compared with the CoV statistic.

### **Empty Homes Tax Implementation and Administration Issues**

What are the administrative costs and logistics of implementing an Empty Homes Tax?

The implementation of the *EHT* in Vancouver sheds light on the potential cost of administering a vacancy tax on the North Shore. In November 2016, the City of Vancouver estimated that the project cost of implementation of the *EHT*, over three years, would be \$4.7 million. This estimated cost included the cost to provide project team support, business support, technical support, professional services and software, hardware, and a contingency fee required.<sup>23</sup>

However, in June 2017, the City of Vancouver revised the estimated project cost to \$7.4 million due to “additional costs have been incurred in communications and systems upgrades to ensure the city is well prepared should there be a large number of inquiries and questions regarding the implementation.”<sup>24</sup> The City of Vancouver estimates that the questions regarding the property status declaration will generate up to 60,000 *EHT* calls.<sup>25</sup>

City of Vancouver *EHT* Cost Estimate Details<sup>26</sup>

	Nov 2016 Budget	Budget Change required	Revised Budget
Project Team	\$880,000	(\$80,000)	\$800,000
Business Support	\$180,000	\$670,000	\$850,000
Technical	\$1,450,000	\$650,000	\$2,100,000

<sup>23</sup> City of Vancouver, General Manager of Finance, Risk and Supply Chain Management, “Encouraging Homes for Renters: Recommended Approach for Taxing Empty Homes” in *Administrative Reports*, (6 November 2016) at 11.

<sup>24</sup> *Supra* note 12 at 14.

<sup>25</sup> *Ibid* at 12.

<sup>26</sup> *Ibid* at 14.

Professional	\$1,400,000	\$1,350,000	\$2,750,000
Hardware and Software	\$100,000	\$300,000	\$400,000
Contingency	\$690,000	(\$190,000)	\$500,000
Total	\$4,700,000	\$2,700,000	\$7,400,000

Furthermore, Vancouver estimates that additional annual operating cost will be \$1.5 million beginning in 2018 due to the cost of notices mailed, administrative staffing/contractors, IT operations, and ongoing program costs.<sup>27</sup>

The annual cost of administration of a vacancy tax in three North Shore municipalities should be considerably lower compared to the City of Vancouver due to the smaller population and smaller number of property units in each municipality. However, the initial implementation cost of a vacancy tax, from technological and administration set-up, should not be underestimated as each municipality would have to build the required infrastructure to enforce and collect a vacancy tax.

Though administrative start-up costs of creating an Empty Homes Tax in municipalities on the North Shore could be significant, those costs should diminish with time as residential property owners become more familiar with the Empty Homes Tax.

In addition, the administrative costs should be considered in the context of the potential revenue an Empty Homes Tax might generate. For example, the Real Estate Board of Greater Vancouver's Home Price Index (HPI) for North Vancouver<sup>28</sup> reports that the benchmark price for all types of homes (detached, townhouse and apartment) in North Vancouver for August, 2017 is \$1,091,600.<sup>29</sup> Given the Census 2016 data of 3,289 empty homes in North Vancouver, assuming a 1% tax on property value, maximum tax revenue would yield \$35,902,724 split between the two municipalities. In West Vancouver with 1,716 empty homes and an HPI of \$2,653,800, an Empty Homes Tax could yield a maximum of \$45,539,208.<sup>30</sup>

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<sup>27</sup> *Supra* note 23 at 12.

<sup>28</sup> Note that the Real Estate Board of Greater Vancouver aggregates home prices for the City of North Vancouver and District of North Vancouver.

<sup>29</sup> <http://www.rebgv.org/home-price-index?region=North+Vancouver&type=all&date=2017-08-01>

<sup>30</sup> <http://www.rebgv.org/home-price-index?region=West+Vancouver&type=all&date=2017-08-01>



Of course, one could not expect to generate this much revenue from an Empty Homes Tax in North Shore municipalities for a variety of reasons. Indeed, as we noted in the introduction, the ultimate goal of an EHT will be to encourage property owners to occupy or rent out their property to be used as a home instead of remaining empty. That said, one can reasonably expect a percentage of homes to remain empty with enough tax revenue generated to cover the administrative and start-up costs related to an *EHT*. Monitoring the experience of the City of Vancouver will be helpful in understanding the effects of an Empty Homes Tax.

Again, CHAC emphasizes that any excess revenue received from an Empty Homes Tax beyond the costs associated with administering the tax should be used exclusively to create and support affordable housing. CHAC takes the position that municipalities should not use this potentially lucrative source of tax revenue for general operating costs.

### **Empty Homes Tax Legal Issues**

Aside from the questions of whether there is an empty homes problem on the North Shore and factors to consider when administering an Empty Homes Tax, there are legal questions to consider when exploring the potential for an *EHT* for North Shore municipalities.

The City of Vancouver has its own unique legislative framework under the *Vancouver Charter* that is different than North Shore municipalities. This different legislative framework must be taken into account when considering the creation of an Empty Homes Tax for the North Shore.

The *Community Charter*<sup>31</sup> and the *Local Government Act*<sup>32</sup> govern the legal authority for the City of North Vancouver, the District of North Vancouver and the District of West Vancouver (and other BC municipalities). The *Community Charter* is the main source of these municipalities' bylaw making and enforcement powers.

Currently, it appears that North Shore municipalities would not have the authority to impose a vacancy tax pursuant the *Community Charter* and the *Local Government Act*.

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<sup>31</sup> *Community Charter*, SBC 2003, c 26.

<sup>32</sup> *Local Government Act*, RSBC 2015, c 1.

Note that section 193 (1) of the *Community Charter* sets out that “municipality may not impose fees or taxes except as expressly authorized under this or another act.”<sup>33</sup> Therefore, unless the *Community Charter* or the *Local Government Act* authorizes the imposition of a vacancy tax, municipalities cannot impose it. The *Community Charter* provides authority to municipalities to impose taxes on property value, parcels, local services, and utility company property pursuant s. 192.<sup>34</sup> However, no section of the *Community Charter* provides authority for municipalities to enact bylaws to impose a vacancy tax. Section 193 (1) of the *Community Charter* appears to prevent municipalities subject to this legislation from imposing a vacancy tax because the *Community Charter* does not expressly authorize it.

Furthermore, the *Local Government Act* does not provide authority to the municipalities to impose a vacancy tax either.

Therefore, the Provincial Government would need to amend the *Community Charter* and the *Local Government Act*, to expressly authorize a vacancy tax, before municipalities on the North Shore – or any municipality other than Vancouver – will have the legal authority to impose a tax on owners of vacant residential property.

The *Vancouver Charter*, which outlines the authority of the City of Vancouver to create and enforce bylaws, was recently amended to allow the CoV to impose a vacancy tax. As noted, Vancouver has its own legislation, which outlines its powers as a municipality, including its powers to create and enforce bylaws – the *Vancouver Charter*. Examining the *Vancouver Charter* amendment process may help the CNV, the DNV, and the DWV with planning tax policy change.

Prior to July 28, 2016, the *Vancouver Charter* did not allow the City of Vancouver to impose a tax on owners of empty homes. Strong public support, in Vancouver and the Lower Mainland, in favour of government action to address the empty homes issues led the City of Vancouver to commission a study by Ecotagious<sup>35</sup> to determine the details on housing occupancy in the City of Vancouver.<sup>36</sup> As we know, based on the results from this study, the City of Vancouver’s June 16, 2016 administrative report recommended that Vancouver’s Mayor, on behalf of Council, formally write the Premier of British

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<sup>33</sup> *Supra* note 31 at s. 193(1).

<sup>34</sup> *Ibid* at s. 192.

<sup>35</sup> *Supra* note 6.

<sup>36</sup> *Supra* note 8.

Columbia to request provincial support for the creation and administration of a new property class such that the City of Vancouver would have the option to “set a different property tax rate for empty housing”.<sup>37</sup>

The Provincial Government responded with Bill 28, the *Miscellaneous Statutes (Housing Priority Initiative) Amendment Act* (Bill 28) that, among other things, proposed amendments to the *Vancouver Charter* to enable the City of Vancouver to impose a vacancy tax. Records of the debates of the Legislative Assembly (Hansard), show that Legislative action regarding the amendments to the *Vancouver Charter* stemmed from a proposal brought by the City of Vancouver for more authority to tax vacant properties.<sup>38</sup> Interestingly, the process by which Bill 28 received royal assent was relatively quick as compared to other legislative changes. Bill 28 was introduced and went through first reading on July 25, 2016.<sup>39</sup> Second reading of the Bill occurred on July 26<sup>40</sup> and continued for two days. On July 28, 2016, Bill 28 passed third reading and received royal assent. This timeline is notable in that it demonstrates legislative change can occur quickly if it is prioritized by the Provincial Government. This may be more of an issue in the current legislative context with a minority government that will depend on support of other parties in the legislature to pass legislation.

The most important point to note is that municipalities on the North Shore, as well as any other municipalities, that would like to create an Empty Homes Tax will have to persuade to the Provincial Government to amend the *Local Government Act* and the *Community Charter* to provide legislative authority for municipalities to create a vacancy tax. Note, that a prior attempt in the Legislature to include amendments to the *Local Government Act* (so as to allow municipalities to benefit from changes to the *Vancouver Charter*) as part of Bill 28, failed on division of the Committee in Legislature.<sup>41</sup> Municipalities wishing to pursue this matter with the Provincial Government should collaborate to

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<sup>37</sup> *Ibid* at 1.

<sup>38</sup> British Columbia, Legislative Assembly, *Official Report of Debates (Hansard)*, 40th Parl, 1<sup>st</sup> session, No 41 (28 July 2016) at 13490.

<sup>39</sup> British Columbia, Legislative Assembly, *Official Report of Debates (Hansard)*, 40th Parl, 1<sup>st</sup> session, No 40 (25 July 2016) at 13316.

<sup>40</sup> British Columbia, Legislative Assembly, *Official Report of Debates (Hansard)*, 40th Parl, 2nd session, No 40 (26 July 2016) at 13377.

<sup>41</sup> *Supra* note 38.

advocate for amendments to the legislation, perhaps using the Union of BC Municipalities<sup>42</sup> as a forum for engagement with the Province.

### **Vancouver's Vacancy Tax**

Bill 28 amended the *Vancouver Charter* to enable City of Vancouver's municipal Council to impose an annual vacancy tax, through by-law, by adding Part XXX "Vacancy Tax" section to the *Vancouver Charter*.<sup>43</sup> Part XXX of the *Vancouver Charter* provides the City of Vancouver with legal authority to impose a vacancy tax as well as setting out provisions that the City must follow when imposing a vacancy tax. For instance, S. 617 of the *Vancouver Charter* Part XXX, requires the by-law imposing the vacancy tax to:

- (a) provide for a process for the administration and collection of a vacancy tax;*
- (b) establish circumstances in which residential property is to be considered unoccupied;*
- (c) specify a vacancy reference period and the total length of time that apply for the purpose of determining whether a residential property is vacant property;*
- (d) establish the basis on which the vacancy tax is imposed, which may be any basis in relation to taxable property;*
- (e) establish the rate or amount of the vacancy tax;*
- (f) establish exemptions from the vacancy tax;*
- (g) establish requirements respecting notice to a registered owner of a residential property that is subject to the vacancy tax;<sup>44</sup>*
- (h) provide for a record of taxable properties and for a process to correct and update that record;*

Yet, Part XXX, also leaves some of the framework of the tax scheme to the discretion of Council, as set out in section 619:

The Council may, in a vacancy tax by-law,

- (a) establish categories of residential property, registered owners and vacant property,*
- (b) make different provisions for different categories established under paragraph (a) in respect of the following:*
  - (i) different vacancy reference periods and different total lengths of time that apply for the purpose of determining whether a residential property is vacant property;*
  - (ii) different rates or amounts of vacancy tax;*
  - (iii) different exemptions;*
  - (iv) different requirements respecting notices to a registered owner;*
  - (v) different requirements respecting a property status declaration, including respecting any information or evidence required under section 620 [property status declarations];*
  - (vi) different requirements respecting information that a registered owner must provide respecting the status of a residential property of the owner, and*
- (c) make different provisions for different times, conditions or circumstances.<sup>45</sup>*

<sup>42</sup> Union of BC Municipalities, online: <[www.ubcm.ca](http://www.ubcm.ca)>

<sup>43</sup> *Vancouver Charter*, SBC 1953, c 55, s. 616.

<sup>44</sup> *Ibid* at s. 617.

<sup>45</sup> *Ibid* at s. 619.

As already noted, Vancouver City Council approved the *Vacancy Tax By-Law No. 11674 and Empty Homes Tax (EHT)*<sup>46</sup> on November 16, 2016. The *EHT* imposes a vacancy tax of 1% of the taxable assessed value of a parcel of taxable property.<sup>47</sup> The by-law also stipulates that “Residential property is considered to be vacant property if: (a) it has been unoccupied for more than 180 days during the vacancy reference period; or (b) it is deemed to be vacant property in accordance with this by-law.”<sup>48</sup>

Amendments to the *Community Charter*, enabling municipalities to impose a vacancy tax, would likely resemble *Vancouver Charter* Part XXX. Once provided the legal authority to create an Empty Homes Tax, municipalities could adapt their own vacancy tax by-law according the parameters of the legislation including choosing a length of time that a home must be vacant during a specific period.

### **Conclusions and Recommendations**

2016 Census data for the three North Shore municipalities indicates that there is a significant cause to be concerned about a large number of empty or vacant homes on the North Shore. With a crisis in affordable housing on the North Shore and across Metro Vancouver, the fact that there are over 5,000 vacant homes on the North Shore is arguably a sound basis for North Shore municipalities to create a vacancy tax comparable to the City of Vancouver. At the very least, there is good reason for North Shore municipalities to study the feasibility of creating their own vacancy tax and taking action to ensure that they have the legal authority to do so. CHAC also re-emphasizes that an Empty Homes Tax is not a panacea for solving the housing affordability crisis, far from it. There are a variety of strong ideas and current initiatives that seek to tackle housing affordability and all spheres of government should be pursuing these with vigour. That said, NSCR’s Community Housing Action Committee makes the following recommendations with respect to an Empty Homes Tax:

#### *1) Legislative Reform to Permit Municipalities to Create a Vacancy Tax*

All three North Shore municipalities should collaborate together along with other British Columbia municipalities to advocate for amendments to the *Community Charter* and the *Local Government Act* that would provide the legislative authority for municipalities to create a vacancy tax similar to the authority of the City of Vancouver. This is both a matter of fairness to municipalities but also would

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<sup>46</sup> City of Vancouver, by-law No. 11674, *Vacancy Tax By-law* (16 November 2016)

<sup>47</sup> *Ibid* at s. 2.4

<sup>48</sup> *Ibid* at s. 2.3

enhance their legislative tool kits to address the housing affordability crisis. Whether a municipality chooses to enact its own by-law will be a matter for each municipal council and local residents to decide but in principle, every municipality should at least possess this legislative authority. As noted above, North Shore municipalities could work with their sister municipalities to advance their interest in having a vacancy tax authority through the Union of British Columbia Municipalities (UBCM). UBCM is an important forum for municipalities to advocate their interests to the Provincial Government. Collective advocacy would entail a relatively low financial cost to municipalities but send an important message to North Shore residents from municipal councils that they are very concerned about vacant homes and want to have the legislative tools to take action.

## *2) Commission an Energy Consumption Study to Determine Long-Term Vacancy*

An energy consumption study would provide the City of North Vancouver, the District of North Vancouver, and the District of West Vancouver with helpful data to determine the long-term vacancy in each municipality.

The City of Vancouver's June 20, 2017 administrative report, analyzing newly published Census data, indicates that 25,495 dwelling units (representing 8.2% of all dwelling units in the CoV) in the CoV were either unoccupied or occupied by temporary and/or foreign residents. Analysis of similar 2016 Census data indicates that the unoccupied dwellings units in the CNV, the DNV, and the DWV to be 1,781 (6.74%), 1,508 (4.62%), and 1,716 (9.20%) respectively.

While Census 2016 data presents us with good initial data to assess the vacant home problem on the North Shore, the Census data is intended to take a snapshot of the Canadian population and dwellings on a single day. Thus, the Census date may under-report or over-report the number of vacant homes that might be subject to a vacancy tax as Census data does not necessarily capture long-term vacancy such as that captured by the Ecotagious energy analysis study conducted for the City of Vancouver. It would be beneficial for the CNV, the DNV, and the DWV to conduct a similar energy consumption analysis to determine the long-term vacancy in each municipality.

## *3) Commission a Study to Estimate the Cost of Administering a Vacancy Tax in the CNV, DNV, and DWV*

In June 2017, the City of Vancouver revised the estimated project cost of implementation of the *EHT* from \$4.7 million to \$7.1 million. Additionally, the City estimated that the annual operating cost of the *EHT* will be \$1.5 million. Due to the considerably lower number of total dwellings units in the CNV, the

DNV, and the DWV compared to the CoV (24,645, 31,116, and 16,933 compared to 283,916 respectively), the annual cost of creating and administering a vacancy tax should be considerably lower in each of the respective municipalities. However, the initial implementation cost of setting up the required infrastructure to administer a vacancy tax may be significant. The lower number of dwellings units in the CNV, the DNV, and the DWV will also see a lower level of tax revenue generated from each respective municipality compared to the CoV though as noted should be adequate to cover the costs of creating an Empty Homes Tax. A study to establish a cost estimate for administering a vacancy tax in the CNV, the DNV, and DWV would be very useful in determining the challenges in creating this new type of tax. CHAC notes that the cooperation of the three municipalities to undertake studies with respect to energy and administrative costs analysis could be less expensive if they collaborated on retaining consultants than if each municipality undertook its own studies.

#### *4) Monitor the Implementation of the Vacancy Tax in the City of Vancouver*

The experience from the *Vacancy Tax By-Law 11674* in the City of Vancouver will be very informative for other municipalities in BC to assess the effectiveness of a vacancy tax as an option to increase housing availability and options to the public. Therefore, staff from the three municipalities should meet with City of Vancouver staff and monitor the City of Vancouver's experience to take advantage of lessons learned from their experience in implementing a vacancy tax.

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